



## Federal Trade Commission Protecting America's Consumers

**For Release:** 03/01/2010

### FTC Halts Massive Cramming Operation that Illegally Billed Thousands; Alleges Scam Took in \$19 Million over Five Years

A U.S. district court judge has ordered a halt to the illegal practices of an Internet services company that crammed unauthorized charges onto the telephone bills of thousands of consumers and small businesses for services they never agreed to buy. At trial the Federal Trade Commission will ask the court to halt the practices permanently and force the defendants to give up their ill-gotten gains.

The FTC charged that Inc21 and its affiliated companies sold Internet services, including Web site design services, Web site hosting, Internet directory listings, search-engine advertising and Internet-based faxing, for charges ranging from \$12.95 to \$39.95 a month.

The FTC alleged that the defendants hired off-shore telemarketers to call prospective clients.

Sometimes the telemarketers offered a free trial, without explaining that consumers would have to take certain steps to avoid charges. In other cases the telemarketers said they simply were calling to verify their business contact information.

The FTC alleges that Inc21 used third-party billing aggregators, to place charges on the phone bills of thousands of consumers and businesses that either:

- were never contacted at all;
- were told they were contacted only to verify business information;
- declined Inc21's offer of Internet services; or
- were told they would receive a free trial offer, but not informed that they would be charged if they did not cancel.

In papers filed with the court, the FTC charged that Inc21 and its agents supposedly made tape recordings to demonstrate that its charges were authorized. But the FTC alleged that in many cases, the recordings were doctored to misrepresent the call and the consumers' responses. In other cases, the voices on the tapes are not those of the consumers who were supposedly on the calls.

The FTC charged the defendants with unfair and deceptive acts, in violation of the FTC Act and the Telemarketing Sales Rule.

District Court Judge William Alsup issued a Temporary Restraining Order, and then a Preliminary Injunction to halt the unlawful conduct, pending trial. In his Order, Judge Alsup wrote, "It was Inc21 who orchestrated this overall scheme and set in motion an army of telemarketers who committed fraud. Even if Inc21 did not approve of the fraud (and it seems likely that it *did* approve), the fact remains that Inc21 is responsible for organizing this engine of fraud and reaping its profits. As such, Inc21 may *certainly* be held accountable and the engine of fraud may be shut down by court order."

The defendants named in this matter are Inc21.com Inc., doing business as Inc21, Inc21.net, Inc21 Communications, Global YP, NetOpus, Metro YP, JumPage Solutions, GoFaxer.com and Fax Faster.com, Jumpage Solutions, Inc., GST U.S.A., Inc., Roy Yu Lin and John Yu Lin officers and directors of Inc21. The FTC complaint also names Sheng Lin, the father of Roy and John Lin, as a "relief defendant" because he allegedly received funds that can be traced to the deceptive and unfair practices, and has no legitimate claim to those funds.

The FTC received invaluable assistance in this matter from the U.S. Postal Inspection Service and IRS-Criminal Investigations Division.

The Commission vote to authorize staff to file the complaint was 4-0. The complaint was filed in the U.S. District Court for the Northern District of California in San Francisco.

**NOTE:** The Commission files a complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. The complaint is not a finding or ruling that the defendant has actually violated the law. The case will be decided by the court.

The Federal Trade Commission works for the consumer to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in English or Spanish, click <http://www.ftccomplaintassistant.gov> or call 1-877-382-4357. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database available to more than 1,800 civil and criminal law enforcement agencies in the U.S. and abroad. For free information on a variety of consumer topics, click <http://www.ftc.gov/bcp/consumer.shtm>.

#### **MEDIA CONTACT:**

Claudia Bourne Farrell  
Office of Public Affairs  
202-326-2181

#### **STAFF CONTACT:**

Douglas Wolfe  
Bureau of Consumer Protection  
202-326-3113

(FTC File Number X100019)  
(Inc21)

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#### **Related Items:**

**Federal Trade Commission, Plaintiff, v. INC21.com Corporation, also doing business as INC21, INC21.net, INC21 Communications, GlobalYP, NetOpus, MetroYP, JumPage Solutions, GoFaxer.com and FaxFaster.com; JumPage Solutions, Inc.; GST U.S.A., Inc.; Roy Yu Lin, individually and as an officer and director of the corporate defendants; John Yu Lin, individually and as an officer and director of the corporate defendants, Defendants, and Sheng Lin, Relief Defendant**

(United States District Court for the Northern District of California, San Francisco Division)  
Case3:10-cv-00022-WHA  
FTC File Nos. 092 3171, X100019

#### **Consumer Information:**

- [Cramming: Mystery Phone Charges](#)

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